

WATER SUPPLY CONTRACT EXTENSION PROJECT FACT SHEET

WELCOME

Welcome to the Water Supply Contract Extension Project (proposed project) scoping meeting. Two scoping meetings are being held today for this project (September 23, 2014 2:00 to 4:00 pm and 5:00 to 7:00 pm). The information being presented at both meetings is the same.

Please sign in, pick up meeting handouts, and fill out and turn in a speaker card if you wish to speak at this meeting. If you would like to be added to the mailing list to receive project-related notices, please indicate your interest on the sign-in sheet. The agenda for this meeting includes: (1) a summary of the proposed project; (2) information about the California Environmental Quality Act (CEQA) process and schedule; (3) how to provide input on the scope and content of the proposed project Draft Environmental Impact Report (EIR); and (4) time to receive agency and public comments.

PROJECT SUMMARY

State Water Resources Development System (SWRDS) (defined in Water Code Section 12931), or more commonly referred to as the State Water Project (SWP), was enacted into law in the Burns-Porter Act, passed by the Legislature in 1959 and approved by the voters in 1960. DWR constructed and currently operates and maintains the SWP, a system of storage and conveyance facilities that provide water to 29 State Water Contractors (Contractors). The SWP is the largest state-owned, multi-purpose, user-financed water storage and delivery system in the United States. The Contractors receive water service from the SWP in exchange for paying all costs associated with constructing, operating and maintaining the SWP facilities that are attributable to water supply. These Contractors include local water agencies and districts legislatively enabled to serve irrigation, municipal and industrial water supply customers or retail water supply agencies throughout Northern California, San Joaquin Valley, San Francisco Bay Area, Central Coast Area, and Southern California (SWP Service Area). DWR and each of the Contractors entered into Contracts in the 1960's with 75 year terms. The Contracts are substantially uniform. The first Contract, executed by DWR and The Metropolitan Water District of Southern California (MWD), terminates in 2035. All Contracts will terminate by 2042.

The majority of the capital costs associated with the development and maintenance of the SWP is financed by DWR using revenue bonds. These bonds have typically been sold with terms up to 30 years. It has become more challenging in recent years to affordably finance capital expenditures for the SWP since revenue bonds used to finance these expenditures are not sold with maturity dates that extend beyond the year 2035, the year the contracts begin to expire. Today, DWR only sells bonds that extend for up to 21 years due to the year 2035 limitation. For DWR to sell bonds with up to 30 year terms, it is necessary to extend the termination dates of the Contracts by amendment. As a result, in May 2013, DWR and the Contractors entered into public negotiations to extend the term and make other financial improvements to the Contracts. The outcome of these negotiations is the proposed project described in the Notice of Preparation (NOP).

The proposed project would add, delete and modify provisions of the Contracts based on the Agreement in Principle (AIP). The AIP can be obtained from DWR's website at http://www.water.ca.gov/swpao/watercontractextension/docs/00202-AIP_Concerning_Extension_of_SWP_Water_Supply_Contracts_Execution_Version_6-18-2014.pdf. The proposed project would not create new water management measures, build new or modify existing facilities, or change water allocation provisions of the current Contracts. The proposed project would:

- Extend the term of the 29 Water Supply Contracts to December 31, 2085.
- Provide for increased SWP financial operating reserves.
- Provide additional funding mechanisms and accounts to address SWP needs and purposes.
- Develop a new "pay-as-you-go" methodology with a corresponding billing system that better matches the timing of future SWP revenues to future expenditures. "Pay-as-you-go" methodology generally means to recover costs within the year incurred and/or expended. The current billing methodology will be concurrently maintained through 2035 to ensure the full recovery of all past expenditures.

PURPOSE OF THIS SCOPING MEETING

The purpose of this meeting is to receive public and agency input on the scope and content of proposed project Draft EIR. DWR will analyze resources that may be affected by the proposed project. Resource topics to be considered in the Draft EIR include, but may not be limited to: aesthetics; agricultural and forestry resources; air quality; biological resources; cultural resources; geology and soils; greenhouse gas emissions; hazardous materials and hazardous materials; hydrology and water quality; land use and planning; mineral resources; noise; population and housing; public services; recreation; transportation/traffic; and utilities and service systems. If you have input on the environmental analysis or content of the Draft EIR and would like to speak at this meeting, please fill out a speaker card. A court reporter will be transcribing all oral comments provided at this meeting. If you do not wish to speak, you can fill out a comment form and leave it with a staff person or take it with you and mail it to the address on the form. You do not need to use a form to submit your comments on the scope of the Draft EIR. You can mail or e-mail your written comments on the scope of the Draft EIR analysis to the address provided below.

EIR PROCESS AND NEXT STEPS

The NOP was published by DWR, as the lead agency under CEQA, on September 12, 2014. The NOP provides information on: the project background; proposed project objectives and project description; and potential environmental effects proposed to be evaluated in the Draft EIR. Copies of the NOP are available at this meeting or they can be obtained from DWR's website at <http://www.water.ca.gov/swpao/watercontractextension/>.

The NOP public response period will end October 13, 2014. Please submit written comments on the environmental analysis or content of the Draft EIR at the earliest possible date, but no later than **5 p.m. on October 13, 2014 to: Ted Alvarez, State Water Project Analysis Office, Department of Water Resources, 1416 Ninth Street, Sacramento, CA 95814 or e-mail to Ted.Alvarez@water.ca.gov.**

At the end of the public response period, DWR will consider all comments received (including those provided at this scoping meeting) from interested persons, organizations, and agencies in preparing the environmental analysis to be included in the Draft EIR. A Draft EIR will be prepared and circulated for a 45-day public comment period. The Draft EIR will be posted on DWR's website. During the Draft EIR public review period, agencies and the public will have an opportunity to review the analysis in the Draft EIR and provide comments on its adequacy either in writing or orally at a public hearing. At the close of the 45-day public comment period, DWR will prepare written responses to all oral and written comments received and will prepare a Final EIR. The Draft EIR, public comments and responses to comments, and Final EIR and other supporting documentation will be provided to the DWR Director for consideration in certifying the Final EIR as adequate under CEQA.